

Reputation is institutional power

By **Michael Petrone** | October 2026

Hospitals have spent decades building reputations around clinical excellence. In a [national study of more than 23,000 consumers](#), 56% equated a hospital's reputation with the quality of care it provides. And yet, a reputation for clinical excellence doesn't seem to hold much sway when it comes to the debate about what's behind rising healthcare costs.

Hospitals have traditionally been [reluctant to talk about the business of healthcare](#). Part of that reluctance comes from mission. Talking about margins, reimbursement, market share, or negotiating leverage can feel far removed from taking care of patients. Part of it comes from the difficulty of explaining a business where the person receiving a service usually isn't the person setting the price, paying the bill, or deciding how much ultimately gets paid.

Healthcare economics resist soundbites. Insurance coverage, negotiated rates, government reimbursement, cost shifting, benefit design, denials, and patient responsibility all influence what care costs and who pays for it. Payors and politicians have become very good at reducing that complexity to simple arguments about hospital prices.

Healthcare economics are genuinely difficult to explain, but audiences still need clarity. And simple accusations have an enormous advantage over complicated explanations. Health systems need to become much better at explaining the business of healthcare in ways people can understand, remember, and believe.

Affordability has made that need especially urgent, but the same challenge surfaces much closer to home. Closing a service line, changing where care is delivered, making a difficult workforce decision, or pursuing a major expansion can suddenly put a hospital and its motives under scrutiny. The specific issue will change. The hospital enters each one with the reputation it has already built.

Hospital reputation needs to extend beyond clinical excellence

Clinical reputation answers whether people trust a hospital to deliver excellent care. When the organization itself comes under scrutiny, people are deciding whether they trust the institution behind that care.

People want to understand why healthcare costs what it does, where the money goes, why hospitals need strong margins, and what communities receive in return. A hospital can be highly respected for its clinical outcomes and still lack credibility when it explains why a new facility is necessary, how a merger will benefit the community, or why proposed legislation could threaten access.

Health systems need to deliberately build a reputation around the role they play beyond delivering clinical care. A hospital may be one of the largest employers in the region, a major investor in community health, a philanthropic partner, and an institution that has supported the community for generations. Those relationships and contributions shape how people interpret the hospital's decisions.

Someone who sees only a new building can easily be cynical about the money spent on it. Someone who understands the hospital's broader role has more reason to consider what the investment might make possible.

Your community can't value what it doesn't know

Hospitals already document much of the evidence that could strengthen their reputation. The problem is that much of it lives in places almost nobody outside the organization reads.

Take community benefit. A health system may report millions of dollars spent on free and subsidized care, behavioral health programs, mobile clinics, food insecurity, workforce development, transportation, or other community needs. Those investments get carefully calculated, assembled into an annual report, presented to the board, posted online, and largely disappear from public view.

The same thing happens with economic impact. A hospital may be one of the region's largest employers, support local businesses through hundreds of millions of dollars in purchasing, fund clinical education, and attract physicians and other professionals who live and spend money in the community. Yet the organization may talk about those contributions only when it releases an economic impact study or needs to defend a major investment.

Hospitals also know things their communities may never hear. They know which services they continue to provide despite losing money on them. They know where physician recruitment has reduced wait times or kept patients from traveling for care. They know which neighborhoods need better access and where they are investing to provide it.

Saving those stories until the organization faces scrutiny wastes much of their reputational value. If the first time people hear about community benefit is during a debate over tax-exempt status, the information sounds like a defense. If they first hear about an access problem when the hospital announces a costly new facility, the investment is easier to dismiss as unnecessary spending.

Hospitals need to decide which proof of their value deserves sustained visibility and communicate it long enough for people to know it before anyone asks them to take the hospital's word for it.

Reputation gives hospitals room to act

Hospitals make decisions every day that require some degree of public understanding. They consolidate services, shift care to different locations, make workforce decisions, and invest capital in response to changing community needs. Most attract limited attention until the consequences become visible to the people affected.

Bigger strategic moves require more reputational capital. Building a major new facility, acquiring another hospital, or merging with another health system can change how people experience healthcare in a market. These decisions invite questions about cost, competition, access, and the organization's ambitions. The stronger the community's understanding of the health system before the announcement, the more context people have for evaluating what comes next.

Then there are moments when the hospital has to take a side. A difficult payor negotiation or damaging piece of legislation may require leaders to challenge another powerful organization publicly. For health systems accustomed to emphasizing care, community, and collaboration, that posture can feel uncomfortable or even inconsistent with the brand. But [as Kevin Thilborger has argued](#), avoiding conflict does not prevent the other side from making its case.

A broader institutional reputation gives the hospital more room in all three situations. People have a history against which to evaluate the decision and the organization's motives. When confrontation becomes necessary, the hospital can be firm without suddenly becoming an institution its audiences no longer recognize.

That is the permission reputation creates. It gives leaders room to make consequential decisions, pursue major change, and defend the organization when circumstances demand it without having to establish who they are at the same moment they are asking people to trust them.

Build the reputation you will need later

Hospitals are already doing much of the work that could build a broader institutional reputation. They are investing in access, supporting community organizations, employing thousands of people, training the next generation of clinicians, and funding programs aimed at local health needs. What may be missing is a deliberate effort to connect those actions into a larger understanding of the institution.

The temptation is to communicate all of it. Every investment becomes another proof point, every program another message, every contribution another reason the community should value the organization. Eventually, the sheer volume works against the goal.

Building reputation requires discipline. Leaders need to decide what they most want the organization to be known for beyond clinical excellence, then continually demonstrate it. A health system that wants to be known for improving access should connect the evidence that proves that commitment, from where it invests to the problems those investments solve. Individual actions begin reinforcing an idea people can remember.

That focus should reflect something the organization can consistently prove. Claiming a deep commitment to access creates an expectation that future decisions will support it. Closing a needed service, creating new barriers to care, or investing in ways people cannot reconcile with that commitment will carry more reputational weight as a result.

The point is to build a reputation strong enough that people already understand something important about the institution before it needs their support. Hospitals spent decades earning recognition for clinical excellence through repeated evidence and experience. Building a broader institutional reputation deserves the same discipline.

Put reputation on the leadership agenda

Hospitals will continue to face hard questions about affordability, consolidation, investment, and the role they play in their communities. Clinical excellence gives them credibility on the quality of care. They need to earn credibility on the institution behind that care as deliberately as they earned it at the bedside.

That broader reputation has practical value. It gives leaders room to make difficult decisions, helps communities put visible investments into context, and strengthens the hospital's position when someone else challenges its motives or tells a competing story.

Think about the decisions your organization expects to make over the next several years and the reputation you will need when you make them. Then look at what your community understands about you today.

The gap between the two is where the work begins.